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March 21, 2001

Ms. Joyce Jordan
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Division of Integrated Health Systems
Health Care Financing Administration
7500 Security Boulevard, Mail Stop S2-01-16
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Dear Ms. Jordan:

SECTION 1115 WAIVER MEDICAID DEMONSTRATION PROJECT FOR
CALIFORNIA'S FAMILY PLANNING, ACCESS, CARE, AND TREATMENT PROGRAM
PROJECT IDENTIFICATION NUMBER: ■1-W-00129/9

The California Department of Health Services is submitting to the Health Care Financing Administration the Family Planning, Access, Care, and Treatment Waiver Program Budget Neutrality Report. The Report is being provided in accordance with the Demonstration Project Special Terms and Conditions.

If you have further questions or require additional information, please contact Mr. Roberto B. Martinez, Chief of the Medi-Cal Policy Division, at (916) 657-1542.

Sincerely, -1

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Stan Rosenstein
Assistant Deputy Director
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Enclosure

cc: See Next Page

Ms. Joyce Jordan
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Family PACT Base Year Fertility Rate Methodology

1.0 Introduction

In the Special Terms and Conditions of the Medicaid Demonstration Project for Family Planning, Access, Care and Treatment (FPACT), the Health Care Financing Administration (HCFA) prescribes the method by which budget neutrality will be monitored.

The intent of the demonstration is to avert unplanned or mistimed pregnancies to offset the cost of family planning services for demonstration participants. HCFA specified the following formula for estimating the number of births averted (BA) during each demonstration year (DY):

$$BA = (\text{base year fertility rate} - \text{fertility rate of demonstration participants during DY}) \times (\text{Number of demonstration women during DY})$$

The preliminary base year fertility rate must be submitted to HCFA for approval within the first operational year of the demonstration. The California Department of Health Services (Department) will be allowed up to 3 years to finalize this preliminary rate.

This document has been prepared to fulfill the requirement of submission of the preliminary base year fertility rate. The Department has assessed all of the data currently available and proposed the methodology described below as the best possible means currently available to establish the base year fertility rate for FPACT women.

2.0 Methodology Prescribed by HCFA

HCFA has prescribed the following methodology for calculating the base year fertility rate:

- a. It must reflect fertility rates and unfulfilled pregnancies during State Fiscal Year 1997-98 (July 1, 1997 – June 30, 1998) for women in families with income up to 200% of the federal poverty level and ineligible for Medicaid except for pregnancy.
- b. It must be adjusted for age and ethnicity for all potential demonstration participants.
- c. The fertility rate will include births paid for by Medicaid and estimates of unfulfilled pregnancies.
- d. Following the conclusion of each year of the demonstration, an adjusted base year fertility rate for that year will be determined by summing the age- and ethnicity-specific rates using the age and ethnicity distribution of the demonstration participants during that DY to weight the age- and ethnicity-specific fertility rates, unless the State demonstrates that the age and ethnicity distribution is consistent with prior demonstration years. The annual age and ethnicity distribution categories will correspond with the base year age- and ethnicity-specific fertility rates.

3.0 Limitations in California Data

Information on fertility rates in California by age and ethnicity **as** well as by income level is not available. California's Center for Health Statistics compiles data on fertility rates for California women by age and ethnicity of the mother. However, the information does not differentiate between income levels, but rather provides aggregated rates for all California women. **As** the fertility rate for women under **200%** of the federal poverty level will be very different from the overall rate, this information would not provide an accurate estimate of the fertility rate for the FPACT target population.

In addition, there is no specific Medi-Cal information that would answer this question. A count of women in the Pregnancy Only Medi-Cal aid categories would not provide an accurate count of the number of births to women in the FPACT target population, since the women ineligible for Medi-Cal except for pregnancy could also be in any of several other Medi-Cal aid categories, depending upon the number of children in the family and income level. It is not possible to identify them within these aid categories.

4.0 The Proposed Methodology

We propose a methodology utilizing the delivery rate of a Medi-Cal population matched for demographic characteristics to the FPACT population, i.e., the Medi-Cal delivery rate will be adjusted to the age and ethnic characteristics of the FPACT eligible group for which SSNs were available. It is expected that this "synthetic" estimate of the fertility rate will be a better representation of the FPACT population. The analysis has been conducted and is described below.

5.0 The Findings

Tables 1-4 below present the data described in the previous discussion. Table 1 shows the age and ethnicity breakout of FPACT eligibles that had Social Security Numbers on their records.

Table 1: Demographics of 1998 FPACT Population *						
	Alaskan Native	Asian or	Black	Hispanic	White	Total
	American Indian	Pacific Islander				
Ages						
TOTAL =	130	1,053	1,326	6,209	4,964	13,682
<18	12	65	126	400	371	974
18-19	20	130	197	765	667	1,779
						4,025
						4,753
>						2,151
=====						
* Data Source: The "FPACT Population" were those 1998 FPACT eligibles having SSNs						

The second table expresses these same numbers as proportions of the total so that they can be used later to weight Medi-Cal deliveries for comparison. These proportions sum to one.

Table 2: Proportions of FPACT Population by Age/Ethnicity						
	Alaskan Native	Asian or	Black	Hispanic	White	
	American Indian	Pacific Islander				
Ages						
<18	0.001	0.005	0.009	0.029	0.027	
18-19	0.001	0.009	0.014	0.056	0.049	
20-24	0.003	0.024	0.029	0.128	0.111	
25-34	0.003	0.026	0.030	0.163	0.126	
> 34	0.001	0.013	0.015	0.078	0.050	

The third table is the rates of Medi-Cal deliveries broken out in the same age and ethnicity cells as are the FPACT data shown above. These data are taken from the files used for DHS-published reports referred to as the “Medi-Cal Funded Delivery Report” and available online at: www.dhs.ca.gov/MCSS.

Table 3: Delivery Rates from the 1998 Medi-Cal Funded Delivery Report						
	Alaskan Native	Asian or	Black	Hispanic	White	Total
	American Indian	Pacific Islander				
Ages						
20-24	348.9	385.1	239.8	543.9	263.2	434.6
25-34	184.4	376.9	143.6	439.9	134.4	302.0
> 34	43.4	142.3	38.0	187.4	34.7	85.8

The last table presents the Synthetic Estimate of Deliveries and is created simply by multiplying each age/ethnicity proportion in the FPACT Program, shown in Table 2, by the corresponding Medi-Cal delivery cell in Table 3 to adjust Medi-Cal data to differing FPACT demographics. Because the proportions in Table 2 sum to one as discussed before, the values in Table 4 can be summed to produce a “synthetic” delivery rate. This rate is **272.9** per 1,000.

	Alaskan Native	Asian or	Black	Hispanic	White
	American Indian	Pacific Islander			
Ages					
<18	0.05	0.13	0.39	3.43	0.99
18-19	0.29	1.17	2.26	18.73	7.77
20-24	0.90	9.16	6.98	69.52	29.17
25-34	0.60	9.65	4.24	71.63	16.96
> 34	0.06	1.90	0.56	14.61	1.73
Overall Rate =		272.9	Deliveries per 1,000Medi-Cal		
			FFS eligible women 15-44 years		
* The synthetic or weighted estimate was calculated by multiplying the age/ethnicity proportion cells in Table 2 by the corresponding delivery rate cells in Table 3 and summing across the newly created cells.					

6.0 Adjustment for Unfulfilled Pregnancies

According to 1997 Medi-Cal pregnancy outcome data, 63.6% of pregnancies end in deliveries. To add unfulfilled pregnancies to the above delivery rate of 272.9 per 1,000, 272.9 was divided by 63.6% to arrive at a total fertility rate (including unfulfilled pregnancies) of 429.1 per 1,000.

7.0 Conclusion

The best methodology available to estimate the base year fertility rate is the creation of a “synthetic” estimate utilizing the 1998 delivery rate of a Medi-Cal population matched for demographic characteristics to the FPACT population. When estimated unfulfilled pregnancies are added to this delivery rate, the base year fertility rate is 429.1 per 1,000.